

# **BC SCHOOL SPORTS**

Burnaby, BC

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**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

# **BC SCHOOL SPORTS**

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## INDEPENDENT AUDITORS' REPORT

To the Members of BC SCHOOL SPORTS:

We have audited the accompanying financial statements of BC SCHOOL SPORTS which comprise of the Statement of Financial Position as at June 30, 2016 and the Statements of Operations and Changes in Net Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2016 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Eva Y. Lee Inc.



Chartered Professional Accountants

RICHMOND, BC  
September 30, 2016



**BC SCHOOL SPORTS**  
**STATEMENT OF OPERATIONS**  
For the year ended June 30, 2016

**Exhibit A**

	2016	2015
OPERATING RECEIPTS (Schedule 1)	\$ 501,780	\$ 488,865
OPERATING EXPENDITURES (Schedule 2)	<u>496,816</u>	<u>527,577</u>
OPERATING RECEIPTS OVER EXPENDITURES, to Exhibit B	4,964	(38,712)
GAMING OPERATION, Schedule 3, to Exhibit B	(25)	(36,325)
LEGAL RESERVE, Schedule 4, to Exhibit B	8,937	(6,604)
OPERATIONAL RESERVE, Schedule 5, to Exhibit B	11	9
SCHOLARSHIP RESERVE, Schedule 6, to Exhibit B	15,438	10,627
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, to Exhibit B	<u>\$ 29,325</u>	<u>\$ (71,005)</u>

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS****Exhibit B**

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2016

	Unrestricted	Gaming	Reserves			2016	2015
			Legal	Operational	Scholarship		
<b>NET ASSETS</b>							
Beginning of year	\$ 59,513	\$ 181	\$ 43,613	\$ 62,234	\$ 29,427	\$ 194,968	\$ 265,973
Excess (Deficiency) of Receipts over Expenditures, Exhibit A	4,964	(25)	8,937	11	15,438	29,325	(71,005)
<b>NET ASSETS, to Exhibit C</b>	<b>\$ 64,477</b>	<b>\$ 156</b>	<b>\$ 52,550</b>	<b>\$ 62,245</b>	<b>\$ 44,865</b>	<b>\$ 224,293</b>	<b>\$ 194,968</b>

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS**

Exhibit C

## STATEMENTS OF FINANCIAL POSITION

June 30, 2016

	Unrestricted	Gaming	Reserve Funds	2016	2015
<b>CURRENT ASSETS</b>					
Cash and term deposits (Note 2)	\$ 47,562	\$ 199,726	\$ 123,335	\$ 370,623	\$ 351,874
Accounts receivable (Note 2)	37,242	-	36,325	73,567	83,061
Government remittance	2,747	430	-	3,177	1,253
Inventory (Note 2)	675	-	-	675	324
Prepaid expenses	6,050	-	-	6,050	6,050
	<u>94,276</u>	<u>200,156</u>	<u>159,660</u>	<u>454,092</u>	<u>442,562</u>
<b>PLANT AND EQUIPMENT</b>					
Computers (Note 2)	16,597	-	-	16,597	14,122
Furniture and equipment (Note 2)	26,919	-	-	26,919	25,856
Leasehold improvement (Note 2)	55,654	-	-	55,654	55,654
	<u>99,170</u>	<u>-</u>	<u>-</u>	<u>99,170</u>	<u>95,632</u>
Accumulated amortization	42,921	-	-	42,921	28,347
	<u>56,249</u>	<u>-</u>	<u>-</u>	<u>56,249</u>	<u>67,285</u>
	<u>\$ 150,525</u>	<u>\$ 200,156</u>	<u>\$ 159,660</u>	<u>\$ 510,341</u>	<u>\$ 509,847</u>
<b>CURRENT LIABILITIES</b>					
Payables and accrual (Note 2)	\$ 61,744	\$ -	\$ -	\$ 61,744	\$ 82,798
Deferred contribution (Note 2)	-	200,000	-	200,000	204,305
	<u>61,744</u>	<u>200,000</u>	<u>-</u>	<u>261,744</u>	<u>287,103</u>
Deferred credit (Note 4)	24,304	-	-	24,304	27,776
	<u>86,048</u>	<u>200,000</u>	<u>-</u>	<u>286,048</u>	<u>314,879</u>
<b>NET ASSETS</b>					
Net assets (Exhibit B)	64,477	156	159,660	224,293	194,968
	<u>\$ 150,525</u>	<u>\$ 200,156</u>	<u>\$ 159,660</u>	<u>\$ 510,341</u>	<u>\$ 509,847</u>

\*The accompanying notes are an integral part of these financial statements.

Board Approval:

**BC SCHOOL SPORTS**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2016

**Exhibit D**

	2016	2015
Cash flows from operating activities		
Membership, fundraising and grant receipts	\$ 754,709	\$ 658,826
Interest received	64	282
Membership and administrative expenses	(732,486)	(726,052)
	<u>22,287</u>	<u>(66,944)</u>
Cash flows from acquisition of equipment	<u>(3,538)</u>	<u>(7,953)</u>
Change in cash and cash equivalents	18,749	(74,897)
Cash and cash equivalents at beginning of year	351,874	426,771
Cash and cash equivalents, end of year	<u>\$ 370,623</u>	<u>\$ 351,874</u>
Represented by:		
Unrestricted cash	\$ 47,562	\$ 90,030
Gaming and reserve funds	323,061	261,844
Cash and cash equivalents, end of year	<u>\$ 370,623</u>	<u>\$ 351,874</u>



**NOTES**

For the year ended June 30, 2016

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**Note 1 GENERAL**

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BC School Sports provides leadership for and services to schools in the Province of British Columbia. The Society's mission statement is:

"BC School Sports is a membership based organization of schools. We fulfill our mission by:

- promoting student participation in extra-curricular activities.
- assisting schools in the development and delivery of their programs.
- providing governance for inter-school competition."

BC School Sports is incorporated under the laws of British Columbia as a not-for-profit society and is a registered charity under the Income Tax Act.

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**Note 2 SIGNIFICANT ACCOUNTING POLICIES**

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**Fund accounting**

BC School Sports follows the deferral method of accounting for contributions.

The General Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

The Gaming Fund accounts for funding from the Province of BC, Ministry Responsible for Gaming, for program expenses as approved by the Gaming Policy and Enforcement Branch.

The Legal Reserve accounts for levies restricted for legal expenses.

The Operational Reserve is internally restricted for capital asset replacements and summer operation when cash flow is low.

The Scholarship Reserve is designated to provide support to qualifying candidates.

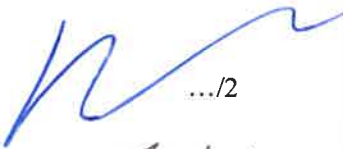

**Cash equivalents**

Cash equivalents usually consist of highly-liquid investments, which are readily convertible to cash with maturity of three months or less when purchased.

**Plant and Equipment**

Plant and equipment are accounted for at cost. Amortization is based on their estimated life using the following rates and methods:

Computer hardware	- 3 year straight line
Computer software	- 55 percent declining balance
Furniture and equipment	- 20 percent declining balance
Leasehold improvement	- 10 year straight line

  
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## NOTES

For the year ended June 30, 2016

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**Note 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Inventory**

Inventory is recorded at cost, cost is determined on a first-in, first-out basis.

**Deferred contributions**

BC School Sports follows the deferral method of accounting for contributions. Deferred contributions represent funds received for specific programs that were not expended by the end of the year. The deferred gaming grant will be used for the 2016/2017 programs for which it has been approved.

**Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas requiring management estimates and assumptions include the estimate of useful lives of equipment for calculating amortization and the determination of contingent liabilities.

**Revenue Recognition**

Membership dues and advertising are recognized as revenue in the year to which the related expenses are incurred. Restricted contributions are recognized as revenue for the purpose intended and when is appropriately applied.

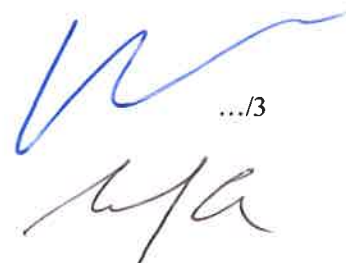
Unrestricted contributions, sponsorships and other revenues are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Contributed materials and services**

Contributed materials and services used in the normal course of operations are recognized when a fair value can be reasonably estimated. Volunteers contribute about 45,000 hours per year to assist the Society in carrying out its administrative activities. The Society also received about \$6,095 of contributed goods during the year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**Financial instruments**

Items that meet the definition of a financial instrument include cash and term deposits, accounts receivable, and payables and accruals. With the exception of term deposit, which is subject to interest rate fluctuation, the fair values of these items approximate their carrying values. It is management's opinion that the company is not exposed to significant credit, currency or interest rate risk arising from these financial instruments.



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NOTES

For the year ended June 30, 2016

**Note 3 COMMITMENTS**

Operating leases

The Society has entered into an agreement for office space with a 10 years term that will expire on September 15, 2023, and leases for a postage machine, and a phone system ending February 29, 2019, and June 30, 2017 respectively. The Society is also committed to a computer service contract which will end on March 31, 2017.

The minimum future payments are as follows:

2017	\$ 37,444
2018	34,883
2019	36,200
2020	36,085
2021	36,085
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	\$ 180,697

**Note 4 DEFERRED CREDITS**

The Society has relocated to new premises in prior year and received an improvement allowance from the landlord for \$34,720. This allowance is being applied over the term of the lease from September 2013 to September 2023.

**Note 5 FUNDS HELD IN-TRUST FOR SPORT COMMISSIONS**

The Society maintains the books and manages the funds for six sports commissions. The funds are held in separate accounts designated to each of the Sport Commissions.

As at June 30, 2016, funds were held in trust for the following commissions:

	2016	2015
Badminton	\$ 19,600	\$ 17,175
Cross Country	7,636	7,989
Girls Volleyball	13,251	9,617
Mountain Bike	4,743	3,455
Rugby	65,498	73,237
Track & Field	29,105	32,529
	<hr/>	<hr/>
	\$ 139,833	\$ 144,002

  
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**BC SCHOOL SPORTS**

Schedule 1

## OPERATING RECEIPTS

For the year ended June 30, 2016

	2016	2015
Administrative fee and other income	\$ 6,918	\$ 4,226
Advertising	23,000	20,675
Donations, fundraising and sponsorship	37,824	31,175
Grants	9,792	10,764
Members' fees		
Membership fees	382,314	383,244
Appeals and eligibility fees	14,900	13,750
Fines	19,675	13,613
Merchandise	7,330	11,286
Interest	27	132
Total Operating Receipts, to Exhibit A	\$ 501,780	\$ 488,865

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS**  
**OPERATING EXPENDITURES**

**Schedule 2**

For the year ended June 30, 2016

	2016	2015
<b>CHAMPIONSHIPS</b>		
Administration	\$ 20,289	\$ 19,000
Commission grant	67,000	67,000
Banners	16,614	15,684
Medals	5,655	6,108
Medical	1,750	10,564
Rent	13,299	8,500
Salaries and benefits	100,103	100,000
Webcasting grants	2,542	3,919
<b>COACH DEVELOPMENT</b>		
Administration	5,058	5,884
Coaching expense	2,491	2,174
Rent	3,325	2,382
Salaries and benefits	24,526	26,307
<b>MEMBERSHIP SERVICES</b>		
Administration	41,545	42,593
Fundraising	-	27
Meeting	21,206	29,375
Merchandise	3,025	3,521
Public relation	6,903	7,500
Rent	13,299	8,500
Salaries and benefits	113,989	133,665
<b>RECOGNITION</b>		
Administration	5,058	5,884
Awards	1,288	301
Rent	3,325	2,382
Salaries and benefits	24,526	26,307
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Total Operating Expenditures, to Exhibit A	\$ 496,816	\$ 527,577

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS**

Schedule 3

## GAMING OPERATION

For the year ended June 30, 2016

	2016	2015
<b>RECEIPTS</b>		
Championships	\$ 137,000	\$ 137,000
Coaching	8,000	8,000
Membership services	40,000	40,000
Recognition	15,000	15,000
Interest income	25	92
	<u>200,025</u>	<u>200,092</u>
<b>EXPENDITURES</b>		
<b>ADMINISTRATIVE</b>		
Bank service charge	-	45
<b>CHAMPIONSHIPS</b>		
Facilities/Officials/Equipment	78,803	76,631
Office rent	-	4,000
Insurance	45,703	53,129
Salaries and wages	19,600	20,000
<b>COACH DEVELOPMENT</b>		
Coaching expense	4,200	1,644
Rent	-	1,500
Salaries and wages	2,000	10,000
<b>MEMBERSHIP SERVICES</b>		
BCSS handbook	7,539	6,718
Computer maintenance and upgrades	19,988	8,426
Contract fee	-	10,000
Rent	-	1,000
Salaries and wages	12,000	24,932
Wall calendar	1,717	1,719
Other	-	893
<b>RECOGNITION</b>		
Recognition expense	-	280
Rent	-	1,500
Salaries and wages	8,500	14,000
	<u>200,050</u>	<u>236,417</u>
<b>DEFICIENCY OF RECEIPTS OVER EXPENDITURES, to Exhibit A</b>	<b>\$ (25)</b>	<b>\$ (36,325)</b>

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS****Schedule 4****LEGAL RESERVE**

For the year ended June 30, 2016

	2016	2015
LEVY	\$ 16,650	\$ -
LEGAL FEE DISBURSEMENTS	7,713	6,604
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, EXHIBIT A</b>	<b>\$ 8,937</b>	<b>\$ (6,604)</b>

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS**

Schedule 5

## OPERATIONAL RESERVE

For the year ended June 30, 2016

	2016	2015
RECEIPTS		
Donation	\$ -	\$ 20,609
Interest	11	-
	<u>11</u>	<u>20,609</u>
EXPENSES		
Administrative expenditure	-	100
Grants	-	20,500
	<u>-</u>	<u>20,600</u>
EXCESS OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	\$ 11	\$ 9

\*The accompanying notes are an integral part of these financial statements.



**BC SCHOOL SPORTS**  
**SCHOLARSHIP RESERVE**

**Schedule 6**

For the year ended June 30, 2016

	<b>2016</b>	<b>2015</b>
<b>RECEIPTS</b>		
Fines	<b>\$ 19,675</b>	\$ 13,613
BCSS – Badminton scholarship	<b>7,338</b>	6,664
BCSS – Volleyball scholarship	<b>575</b>	-
BCSSRU – Derek Hyde Lay scholarship	<b>1,500</b>	750
	<u><b>29,088</b></u>	<u>21,027</u>
<b>EXPENSES</b>		
Administration	<b>1,500</b>	-
BCSS – Badminton scholarship	<b>1,000</b>	-
BCSS – Dave Gifford scholarship	<b>2,400</b>	1,400
BCSS – Zone award scholarship	<b>6,000</b>	7,500
BCSS – Soccer scholarship	<b>2,000</b>	-
BCSSRU – Derek Hyde Lay scholarship	<b>750</b>	1,500
	<u><b>13,650</b></u>	<u>10,400</u>
<b>EXCESS OF RECEIPTS OVER EXPENDITURES, EXHIBIT A</b>	<b>\$ 15,438</b>	<b>\$ 10,627</b>

\*The accompanying notes are an integral part of these financial statements.

